



# **PLANNING COMMISSION AGENDA REPORT**

*III. 2.*

MEETING DATE: SEPTEMBER 26, 2005

ITEM NUMBER:

**SUBJECT: DA-05-03 ANNUAL REVIEW OF SEGERSTROM TOWN CENTER DEVELOPMENT AGREEMENT (DA-00-02) LOCATED EAST OF BRISTOL STREET, SOUTH OF SUNFLOWER AVENUE, WEST OF AVENUE OF THE ARTS, AND NORTH OF ANTON BOULEVARD, EXCLUDING THE SEGERSTROM CENTER FOR THE ARTS**

**DATE: SEPTEMBER 13, 2005**

**FOR FURTHER INFORMATION CONTACT: CLAIRE L. FLYNN, AICP, SENIOR PLANNER  
(714) 754-5278**

---

## **DESCRIPTION**

Annual review of the development agreement between the City of Costa Mesa and South Coast Plaza for the Segerstrom Town Center.

## **APPLICANT**

Mr. David Wilson is the authorized agent for South Coast Plaza.

## **RECOMMENDATIONS**

Based on the evidence in the record, determine and find that South Coast Plaza has demonstrated good faith compliance with the terms and conditions of Development Agreement DA-00-02.

*Claire L. Flynn*

CLAIRE L. FLYNN, AICP  
Senior Planner

*R. Michael Robinson*

R. MICHAEL ROBINSON, AICP  
Asst. Dev. Svcs. Director

**BACKGROUND**

Segerstrom Town Center is a subarea of the South Coast Plaza Town Center. The 2000 General Plan designates the area as "Cultural Arts Center" and the corresponding zoning is "Town Center". In February 2001, City Council approved General Plan Amendment GP-00-02, which resulted in the following entitlements for Segerstrom Town Center. City Council also amended the North Costa Mesa Specific Plan, adopted a preliminary master plan, and entered into the development agreement in conjunction with the general plan amendment.

<b>MAXIMUM ALLOWABLE FAR</b>	<b>MAXIMUM BUILDING SQUARE FOOTAGE</b>	<b>AM PEAK HOUR BUDGET</b>	<b>PM PEAK HOUR BUDGET</b>
1.98	2,118,550	2,764	3,453

On September 15, 2003, City Council approved an amendment to the South Coast Plaza Town Center Preliminary Master Plan (PA-03-16) that allowed the transfer of building area within the Segerstrom Town Center sub area. Proposed new and approved development within this sub area includes:

1. One 200-room hotel at the northeast corner of Bristol Street and Town Center Drive;
2. One 21-story, 336,025 square-foot office building at the southeast corner of Bristol Street and Sunflower Avenue.
3. The demolition of the two cinemas is also included in the preliminary master plan.

On March 15, 2004, City Council approved an amendment to the Development Agreement for Segerstrom Town Center (Ordinance 04-3) that allowed parking provisions for discount parking at cultural events in the parking structure located at the southwest corner of Sunflower Avenue and Park Center Drive, but deleted the provision related to prevailing parking charges.

**ANALYSIS*****Periodic Annual Review***

Section 3.5 of the development agreement requires a periodic review of South Coast Plaza's performance of its obligations under the Agreement. This is the second review of the development agreement.

**Development Agreement:**

The purpose of this annual review is to determine if South Coast Plaza has made a good faith effort to comply with the provisions of the development agreement. To this effect, South Coast Plaza has submitted a letter (see Attachment 1), which indicates the efforts undertaken to fulfill the agreement's provisions. Typically, this review focuses on the community benefits provided for by the developer. For DA-00-02, these benefits are described in Exhibit F of the Development Agreement. The following discussions summarize South Coast Plaza's progress in realizing these obligations.

1. **Cultural Benefits:** South Coast Plaza granted to the Orange County Performing Arts Center (OCPAC) the 6-acre parcel located adjacent to Avenue of the Arts, and Henry Segerstrom contributed \$40 million to the design and construction of the new symphony hall.
2. **Open Space:** In September 2001, South Coast Plaza, in cooperation with OCPAC and the City, amended the Town Center open space easement to facilitate the expansion of the South Coast Repertory Theater and the new concert hall and to make it a permanent easement.
3. **Parking Agreements:** The agreement requires that adequate parking be available to the existing and future performing arts venues with the following provisions:
  - Requires the Theater and Arts District (TAD) Plan to include a provision that states parking fees will not exceed the market rate for the area. City Council adopted the TAD Plan on February 2, 2004, which included parking provisions for discount parking at cultural events in the parking structure located at the southwest corner of Sunflower Avenue and Park Center Drive, but deleted the provision related to prevailing parking charges.
  - Prior to the issuance of the certificate of occupancy for the new office building, South Coast Plaza will submit a plan for City approval that allows the building's parking structure to be used by the patrons of the arts venues. Parking fees at the new structure (to be constructed at the southeast corner of Bristol Street and Sunflower Avenue) shall not exceed the market rate for the area. Since South Coast Plaza has not yet proceeded with the office building, this obligation is still outstanding.
  - Within 90 days of the effective date of the agreement, South Coast Plaza shall provide a 50% discount of the parking fee to Costa Mesa residents attending cultural arts venues (during specified times) at the following structures:
    - i. The existing parking structure located at the southwest corner of Sunflower Avenue and Park Center Drive\*

*\*On March 15, 2004, City Council amended the Development Agreement to correctly identify the appropriate parking structure for the discounted parking located at the southwest corner of Sunflower Avenue and Park Center Drive.*

- ii. The proposed parking structure at the southeast corner of Bristol Street and Sunflower Avenue.
4. **Aesthetic improvements to the southeast corner of Bristol Street/Sunflower Avenue:** The new office building will improve the overall aesthetics of this corner with no increase in the development footprint. Since the new building has not been developed, this obligation has not yet been fulfilled.
5. **Vacation of Town Center Drive:** On February 2, 2004, City Council approved The Town Center Drive Master Plan. This plan describes the improvements envisioned for these two streets and surrounding area. Implementation of this master plan is predicated on the vacation of Town Center Drive as a public street. Documents related to the vacation of Town Center Drive were recorded at the County of Orange on July 18, 2005.
6. **Theater and Arts District:** South Coast Plaza has fulfilled its obligation in preparing a Theater and Arts District Plan (TAD), which City Council approved on February 2, 2004. The TAD Plan provides a list of public improvements that South Coast Plaza has committed to install and the implementation schedule.
7. **Economic Benefits:** The proposed hotel is projected to produce general fund revenues to the City in the amount of \$1,000,000. Other property improvements will also generate additional property tax revenues. Until such time the hotel and office building are constructed, these additional revenues will not be generated.
8. **Traffic Mitigation (4 intersections):** The agreement requires improvements to the following intersections:

Intersection	
Bristol & Sunflower	Completed in conjunction with SCR expansion
Fairview & South Coast	Completed in conjunction with SCR expansion
Bristol & Paularino	City to determine construction timeframe.
Park Center & Sunflower	City to determine construction timeframe.

9. **Fire Protection Facilities:** In conjunction with new construction, South Coast Plaza is obligated to pay \$0.285/square foot of new development. This fee will be collected at the time the new construction occurs.

10. **Financing of the TAD Improvements:** The development agreement requires South Coast Plaza to develop a financing plan for the TAD improvements. The adopted TAD plan includes the financing plan and commitment. In support of the improvements identified in the TAD Plan, South Coast Plaza has established two spending accounts in the amount of \$800,000 and \$200,000 respectively. At the instruction of the Costa Mesa City Council, the resources of the first account are designated for use in supporting design and construction of the pedestrian plaza between the Orange County Performing Arts Center and the Renee and Henry Segerstrom Concert Hall. The funds in the second account are committed to the banner, signage, crosswalk and other area improvements.

As indicated by the applicant, crosswalk 6 is listed as a TAD Plan improvement. However, it has already been completed from a separate funding source without drawing down the amount allocated for sidewalk and crosswalk improvements under the TAD Plan (\$200,000).

#### ***Other Departmental Review***

The City Attorney has reviewed the development agreement and concurs that it does not appear that there are any legal issues outstanding at this time. The Transportation Services Division has also reviewed the development agreement and concurs that South Coast Plaza is in compliance with the terms of this Agreement.

#### **ALTERNATIVES**

If the Planning Commission finds South Coast Plaza is not in compliance with the Agreement's terms, evidence supporting that determination would be required.

#### **CONCLUSION**

Staff believes that South Coast Plaza has demonstrated good faith compliance with the provisions and conditions of the DA-00-02. The Planning Commission's findings can be made by minute order.

Attachments:        1. Letter from David Wilson, South Coast Plaza, dated 8/11/2005  
                              2. Development Agreement DA-00-02  
                              3. Development Agreement Amendment

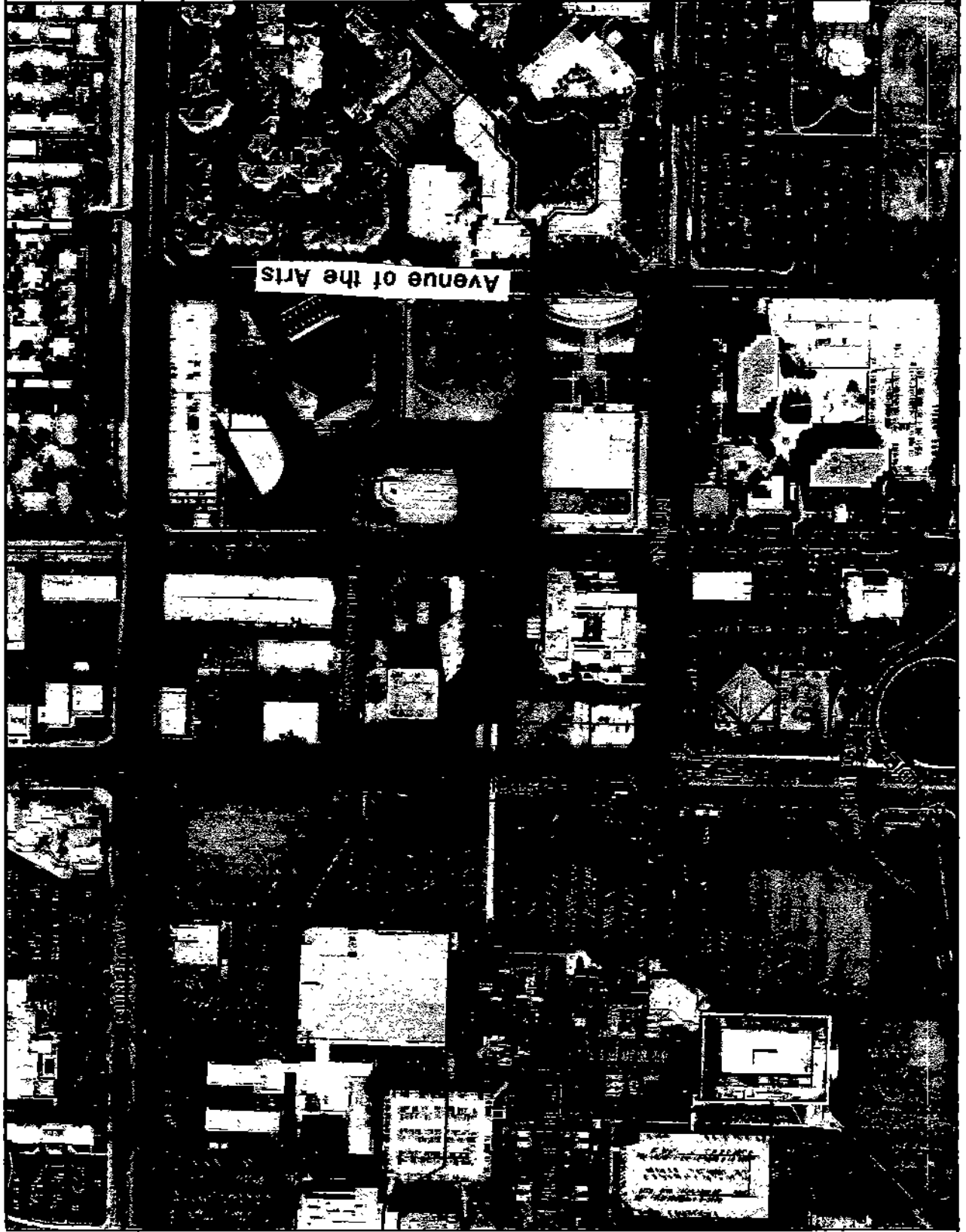
cc:    Deputy City Manager - Dev. Svcs. Director  
        Sr. Deputy City Attorney  
        City Engineer  
        Fire Protection Analyst  
        Staff (4)  
        File (2)

Mr. Paul Freeman  
C.J. Segerstrom & Sons  
3315 Fairview Road  
Costa Mesa, CA 92626

Mr. David Wilson  
C.J. Segerstrom & Sons  
3315 Fairview Road  
Costa Mesa, CA 92626

# DA-00-02 DEVELOPMENT AGREEMENT

## VICINITY MAP



### Legend

- Street Names
- Parcel Lines
- City Boundary
- Ortho
- Photography
- Parcels

**Attachment 1**

**Applicant's Letter**

# SOUTH COAST PLAZA

August 11, 2005

Ms. Claire Flynn  
Senior Planner  
City of Costa Mesa  
P.O. Box 1200  
Costa Mesa, CA 92628-1200

Re: Development Agreement Review, DA-00-02

Dear Ms. Flynn,

Enclosed please find application and payment in the amount of \$1,170 for annual review of the Segerstrom Town Center Development Agreement DA-00-02.

Since our last annual review, the Theater and Arts District Plan (TAD Plan) has been finalized and adopted by the City Council.

Under DA-00-02 South Coast Plaza is obliged to spend \$1,000,000 in support of improvements identified in the TAD Plan. With City oversight and approval we have established two spending accounts in the amount of \$800,000 and \$200,000 respectively. Funding these accounts has satisfied South Coast Plaza's financial obligations under DA-00-02. At the instruction of the Costa Mesa City Council, the resources of the first account are designated for use in supporting design and construction of the pedestrian plaza between the Orange County Performing Arts Center and the new Renée and Henry Segerstrom Concert Hall. The funds in the second account are committed to the banner, signage, crosswalk and other area improvements called out on page 25 of the TAD Plan. Please note that crosswalk 6, though listed as a TAD Plan improvement, has been completed from a separate funding source without drawing down the amount allocated for crosswalk and signage improvements under the TAD Plan. Thus the full \$200,000 remains available for those remaining improvements on the list that are the responsibility of South Coast Plaza.

The banner and signage obligations are currently being studied in conjunction with the larger private planning effort for improvements in the Theater and Arts District.

Sincerely yours,



David Wilson

3315 Fairview Road  
Costa Mesa, California 92626

(714) 546-0110  
Fax (714) 546-9835

9

ATTACHMENT 1

**Attachment 2**  
**Development Agreement**



# **CITY OF COSTA MESA**

P.O. BOX 1200 • 77 FAIR DRIVE • CALIFORNIA 92628-1200

---

DEVELOPMENT SERVICES DEPARTMENT

**FOR ATTACHMENTS NOT INCLUDED IN THIS REPORT,  
PLEASE CONTACT THE PLANNING DIV. AT (714)754-5245.**